

NOTICE OF CONFIDENTIALITY RIGHTS: IF YOU ARE A NATURAL PERSON, YOU MAY REVUE OR STRIKE ANY OR ALL OF THE FOLLOWING INFORMATION FROM ANY INSTRUMENT THAT TRANSFERS AN INTEREST IN REAL PROPERTY BEFORE IT IS FILED FOR RECORD IN THE PUBLIC RECORDS: YOUR SOCIAL SECUTIRY NUMER OR YOUR DRIVER'S LICENSE NUMBER.

PAID UP OIL AND GAS LEASE

THIS AGREEMENT ("Lease") made this April 8, 2009 between David H. Murdock dba International Mining Company, a sole proprietorship ("Lessor"), whose address is: 10900 Wilshire Blvd., Suite 1600, Los Angeles, CA 90024 and XTO Energy, Inc., a Delaware corporation, whose address is: 810 Houston Street, Fort Worth, Texas 76102 ("Lessee"),

WITNESSETH:

1. **Granting Clause.** Lessor, in consideration of ten and no/100 dollars (\$10.00) in hand paid, and other, good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, and of the covenants and agreements of Lessee hereinafter contained, does hereby grant, lease and let unto Lessee the land, located in the county of Tarrant, State of Texas and described on **Exhibit A** attached hereto and made part hereof, for the purposes and with the exclusive right of exploring, drilling, mining and operating for, producing oil and gas, together with the right to make surveys on said land, lay pipe lines, establish and utilize facilities for surface or subsurface disposal of salt water, construct roads and bridges, dig canals, build tanks, power stations, telephone lines, and other structures on said land, necessary or useful in Lessee's operations in exploring, drilling for, producing, treating, storing and transporting minerals produced from the land covered hereby. The land covered hereby, herein called said "**land**" or "**lands**".

SEE ATTACHED ADDENDUM FOR ADDITIONAL PROVISIONS

The foregoing grant and all the other provisions contained in the body of this Lease are expressly subject to all the provisions of the **Addendum** attached hereto and made part hereof, including without limitations the reservations and exceptions set forth therein.

2. **Primary Term.** Subject to the other provisions of this Lease including, without limitation, Section II A of the Addendum, this Lease shall remain in force for a term of one (1) year from the date hereof (such term together with any extensions pursuant to this paragraph 2 are hereinafter called "**primary term**"), and as long thereafter as oil or gas are produced in paying quantities from said land or this lease is otherwise maintained in effect pursuant to the provisions hereof.

3. **Royalties.** As royalty, Lessee covenants and agrees: (a) To deliver to the credit of Lessor, in the pipe line to which Lessee may connect its wells, one-fourth (1/4) of all oil produced and saved by Lessee from said land, or from time to time, at the option of Lessee, to pay Lessor the average posted market price of such one-fourth (1/4 of such oil at the wells as of

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the day it is run to the pipe line or storage tanks, Lessor's interest, in either case, to bear one-fourth (1/4) of the cost of treating oil to render it marketable pipe line oil; and (b) To pay Lessor on gas and casinghead gas produced from said land (1) when sold by Lessee, one-fourth (1/4) of the amount realized by Lessee, or (2) when used by Lessee off said land or in the manufacture of gasoline or other products, the market value, at the mouth of the well, of one-fourth (1/4) of such gas and casinghead gas. The amount realized shall include any bonuses or monies received by Lessee to make gas available to any future purchaser, and, in the case of a prepayment or advance payment received for gas to be delivered in the future, the amount of the prepayment or advance payment at the time received by Lessee, regardless of when relevant gas is produced. Lessee covenants and agrees to use reasonable diligence to produce, utilize, or market the minerals capable of being produced from said wells, but in the exercise of such diligence, Lessee shall not be obligated to install or furnish facilities other than well facilities and ordinary lease facilities of flow lines, separator, and lease tank, and shall not be required to settle labor trouble or to market gas upon terms unacceptable to Lessee.

4. **Shut In Royalties.** If, at any time or times after the expiration of the primary term, all such wells are shut-in for a period of ninety (90) consecutive days, and during such time there are no operations on said land, then at or before the expiration of said ninety day period, Lessee shall pay or tender, by check or draft of Lessee, as royalty, a sum equal Seventy-Five Dollars (\$75.00) for each acre of land then covered hereby. Lessee shall make like payments or tenders at or before the end of each anniversary of the expiration of said ninety day period if upon such anniversary this Lease is being continued in force solely by reason of the provisions of this paragraph. Each such payment or tender shall be made to the parties who at the time of payment would be entitled to receive the royalties which would be paid under this Lease if the wells were producing, and may be paid to Lessor(s), including successors and assigns, directly at the address set forth in the Addendum, or to a depository bank if so designated by Lessor, in writing to Lessee (such designation will be binding on Lessee until Lessee receives written notice of a change in such depository bank). If at any time that Lessee pays or tenders shut-in royalty, two or more parties are, or claim to be, entitled to receive same, Lessee may, in lieu of any other method of payment herein provided, pay or tender such shut-in royalty, in the manner above specified, either jointly to such parties or separately to each in accordance with their respective ownership thereof, as Lessee may elect. Any payment hereunder may be made by check or draft of Lessee deposited in the mail or delivered to the party entitled to receive payment or if designated by Lessor, to a depository bank as provided for above on or before the last date for payment. Nothing herein shall impair Lessee's right to release as provided in paragraph 6 hereof.

5. **Pooling.** Lessee is hereby granted the right, at its option, to pool or unitize any land covered by this Lease with any other land covered by this Lease, and/or with any other land, lease, or leases, as to any or all minerals or horizons, so as to establish units containing not more than 40 surface acres; provided, however, units may be established as to any one or more horizons, or existing units may be enlarged as to any one or more horizons, so as to contain not more than 640 surface acres, if limited to one or more of the following: (1) gas, other than casinghead gas, (2) liquid hydrocarbons (condensate) which are not liquids in the subsurface reservoir, or (3) minerals produced from wells classified as gas wells by the conservation agency having jurisdiction. If larger units than any of those herein permitted, either at the time established, or after enlargement, are permitted or required under any governmental rule or order,

for the drilling or operation of a well at a regular location, or for obtaining maximum allowable from any well to be drilled, drilling, or already drilled, any such unit may be established or enlarged to conform to the size permitted or required by such governmental order or rule. Lessee shall exercise said option as to each desired unit by executing an instrument identifying such unit and filing it for record in the public office in which this Lease is recorded. Each of said options may be exercised by Lessee at any time and from time to time while this Lease is in force, and whether before or after production has been established either on said land, or on the portion of said land included in the unit, or on other land unitized therewith. A unit established hereunder shall be valid and effective for all purposes of this Lease even though there may be mineral, royalty, or leasehold interests in lands within the unit which are not effectively pooled or unitized. There shall be allocated to the land covered by this Lease within each such unit (or to each separate tract within the unit if this Lease covers separate tracts within the unit) that proportion of the total production of unitized minerals from the unit, after deducting any used in lease or unit operations, which the number of surface acres in such land (or in each such separate tract) covered by this Lease within the unit bears to the total number of surface acres in the unit, and the production so allocated shall be considered for all purposes, including payment or delivery of royalty, overriding royalty and any other payments out of production, to be the entire production of unitized minerals from the land to which allocated in the same manner as though produced therefrom under the terms of this Lease. The owner of the reversionary estate of any term royalty or mineral estate agrees that the accrual of royalties pursuant to this paragraph or of shut-in royalties from a well on the unit shall satisfy any limitation of term requiring production of oil or gas. The formation of any unit hereunder which includes land not covered by this Lease shall not have the effect of exchanging or transferring any interest under this Lease (including, without limitation, any shut-in royalty which may become payable under this Lease) between parties owning interests in land covered by this Lease and parties owing interests in land not covered by this Lease. Neither shall it impair the right of Lessee to a release as provided in paragraph 6 hereof, except that Lessee may not release lands within a unit while there are operations thereon for unitized minerals unless all pooled leases are released as to lands within the unit. At any time while this Lease is in force Lessee may dissolve any unit established hereunder by filing for record in the public office where this Lease is recorded a declaration to that effect, if at that time no operations are being conducted thereon for unitized minerals. Subject to the provisions of this paragraph 5, a unit once established hereunder shall remain in force so long as any lease subject thereto shall remain in force. If this Lease now or hereafter covers separate tracts, no pooling or unitization of royalty interests as between any such separate tracts is intended or shall be implied or result merely from the inclusion of such separate tracts within this Lease but Lessee shall nevertheless have the right to pool or unitize as provided in this paragraph 5 with consequent allocation of production as herein provided. As used in this paragraph 5, the words "**separate tract**" mean any tract with royalty ownership differing, now or hereafter, either as to parties or amounts, from that as to any other part of the lands.

6. **Partial Release.** Lessee may, at any time and from time to time, execute and deliver to Lessor or file for record a release or releases of this Lease as to any part or all of said land or of any mineral or horizon thereunder, and thereby be relieved of all obligations, as to the released acreage or interest. At the expiration of the primary term of this Lease or the cessation of sixty (60) days continuous operations, whichever occurs last, Lessee will release all rights under this Lease as to all depths below the deepest depth drilled in any producing oil or gas well or a well

capable of producing oil or gas in commercial quantities bottomed under the leased premises or lands pooled therewith. The release, in recordable form, will be executed and acknowledged by Lessee, its successors and assigns, recorded in the applicable public records of the county or counties in which any of the leased premises or any portion thereof is situated, and a complete recorded copy of the release delivered to Lessor within sixty (60) days following the expiration of the primary term of this Lease or the cessation of one hundred eighty (180) days continuous operations, as applicable.

7. **Assignment.** All of the covenants, obligations, and considerations of this Lease shall extend to and be binding upon the parties hereto, their heirs, successors, assigns, and successive assigns. No change or division in the ownership of said land, royalties, or other moneys, or any part thereof, howsoever effected, shall increase the obligations or diminish the rights of Lessee, including, but not limited to, the location and drilling of wells and the measurement of production. Notwithstanding any other actual or constructive knowledge or notice thereof of or to Lessee, its successors or assigns, no change or division in the ownership of said land or of the royalties, or other monies, or the right to receive the same, howsoever effected, shall be binding upon the then record owner of this Lease until thirty (30) days after there has been furnished to such record owner at his or its principal place of business by Lessor or Lessor's heirs, successors, or assigns, notice of such change or division, supported by either originals or duly certified copies of the instruments which have been properly filed for record and which evidence such change or division, and of such court records and proceedings, transcripts, or other documents as shall be necessary in the opinion of such record owner to establish the validity of such change or division. If any such change in ownership occurs by reason of the death of the owner, Lessee may, nevertheless, pay or tender such royalties or other moneys, or part thereof, to the credit of the decedent in a depository bank provided for above if such bank has been designated by Lessor, or if not, in a depository bank designated by the personal representative of the decedent. In the event of an assignment of this Lease in whole or in part, liability for payment hereunder shall rest exclusively on the then owner or owners of this Lease, severally as to acreage owned by each.

8. **Mortgages, Liens and Charges.** Lessor's rights and interests hereunder shall be charged proportionately with any mortgages, taxes or other liens, or interest and other charges burdening Lessor's interest in said land, but Lessor agrees that Lessee shall have the right at any time to pay or reduce same for Lessor, either before or after maturity, and be subrogated to the rights of the holder thereof and to deduct amounts so paid from royalties or other payments payable or which may become payable to Lessor and/or assigns under this Lease.

9. **Proportionate Reduction of Royalties.** If this Lease covers a less interest in the oil and gas, in all or any part of said land than the entire and undivided fee simple estate (whether Lessor's interest is herein specified or not), or no interest therein, then the royalties and other moneys accruing from any part as to which this Lease covers less than such full interest, shall be paid only in the proportion which the interest therein, if any, covered by this Lease, bears to the whole and undivided fee simple estate therein. All royalty interest covered by this Lease (whether or not owned by Lessor) shall be paid out of the royalty herein provided.

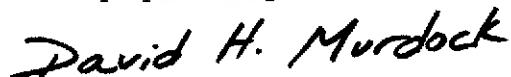
10. **Limited Extension of Primary Term for Force Majeure.** If, while this Lease is in force, after the expiration of the primary term hereof, it is not being continued in force by reason of the shut-in well provisions of paragraph 4 hereof, and Lessee is not conducting operations on said land by reason of any law, order, rule or regulation, (whether or not subsequently determined to be invalid) or Act of God, the primary term hereof shall be extended until ninety (90) days following the removal of such delaying cause, and this Lease may be extended thereafter by operations as if such delay had not occurred.

11. **Execution.** This Lease shall be binding upon each party who executes it without regard to whether it is executed by all those named herein as Lessor.

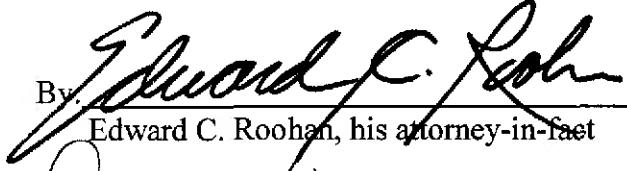
IN WITNESS WHEREOF, the Lessor and the Lessee have caused this Lease to be executed the day and year first above written.

LESSOR:

DAVID H. MURDOCK dba 
INTERNATIONAL MINING COMPANY,
a sole proprietorship



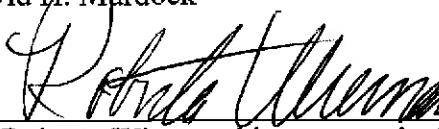
David H. Murdock

By: 

Edward C. Roohan, his attorney-in-fact



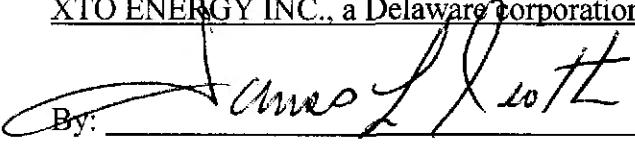
David H. Murdock

By: 

Roberta Wieman, his attorney-in-fact

LESSEE:

XTO ENERGY INC., a Delaware corporation

By: 

Name: James L. Death

Title: Senior Vice President - Land

ACKNOWLEDGEMENTS

STATE OF CALIFORNIA)

COUNTY OF LOS ANGELES)

On April 8, 2009, before me, Ryan Salim Gores, a Notary Public in and for said State, personally appeared Edward C. Roohan and Roberta Wieman, personally known to me (or proved to me on the basis of satisfactory evidence) to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

WITNESS my hand and official seal.

Ryan Salim Gores _____ (Seal)



STATE OF TEXAS §

COUNTY OF _____ §

This instrument was acknowledged before me on _____, 2009 by James L. Death, Senior Vice President – Land of XTO Energy Inc., a Delaware corporation, on behalf of said corporation.

Notary Public State of Texas

Printed Name: _____

My Commission Expires: _____
[SEAL]

EXHIBIT "A"

ATTACHED HERETO AND MADE A PART HEREOF THAT CERTAIN PAID UP OIL AND GAS LEASE EFFECTIVE April 8, 2009 BETWEEN DAVID H. MURDOCK, DBA INTERNATIONAL MINING COMPANY, A SOLE PROPRIETORSHIP, AS LESSOR, TO XTO ENERGY, INC., A DELAWARE CORPORATION, AS LESSEE.

Being 16.6666 acres, more or less, more specifically described as:

SLAUGHTER HEIGHTS UNIT: BEING 15.1744 acres, more or less, out of the W.B. Tucker Survey, A-1516, Abraham Anderson Survey, A-21, W.M. Gray Survey, A-635, M.C. Jobe Survey, A-886, and the M. Roddy Survey, A-1370, Tarrant County, Texas, and being further described as a portion of the lands described in that certain Right of Way Deed dated April 26, 1893 from M.G. Ellis to The Chicago Rock Island and Texas Railway, recorded in Volume 97, Page 7, covering the A. Anderson Survey, A-21, the W.M. Gray Survey, A-635, the M.C. Jobe Survey, A-886, and the Martin Roddy Survey, A-1370 and a Right of Way Deed dated April 25, 1893, from Morgan Jones et al to The Chicago Rock Island and Texas Railway, recorded in Volume 98, Page 52, covering the W.B. Tucker Survey, A-1516, all recorded in the Deed Records of Tarrant County, Texas and being a portion of the lands described in that certain Mineral Quit Claim Deed dated April 24, 1986 from International Mining Corporation to David H. Murdock dba International Mining Company, recorded in Volume 8542, Page 1042 of the Official Records of Tarrant County, Texas and being further described as a strip of land approximately 100 feet in width, being approximately 50 (fifty) feet on both sides of a centerline. The centerline commencing at a point approximately 50 feet west and 375 feet north of the southwest corner of Lot 2, Block 1, Tancor Addition to the City of Fort Worth, Tarrant County, Texas and a plat of said lot being described in that certain Drainage Ditch Maintenance Agreement dated March 16, 1972 from Tandy Corporation to City of Fort Worth, recorded in Volume 5299, Page 244 of the Deed Records of Tarrant County, Texas; thence in a southerly direction approximately 6610 feet along said railway land to a point ending in the centerline of North East 29th Street.

WTW RADIOSHACK UNIT: BEING 1.4922 acres, more or less, out of the W.B. Tucker Survey, A-1516, Tarrant County, Texas, and being further described as a portion of the land described in that certain Right of Way Deed dated April 25, 1893, from Morgan Jones et al to The Chicago Rock Island and Texas Railway, recorded in Volume 98, Page 52, covering the W.B. Tucker Survey, A-1516, recorded in the Deed Records of Tarrant County, Texas and being a portion of the lands described in that certain Mineral Quit Claim Deed dated April 24, 1986 from International Mining Corporation to David H. Murdock dba International Mining Company, recorded in Volume 8542, Page 1042 of the Official Records of Tarrant County, Texas and being further described as a strip of land approximately 100 feet in width, being approximately 50 (fifty) feet on both sides of a centerline. The centerline commencing at a point 50 feet west and 375 feet north of the southwest corner of Lot 2, Block 1, Tancor Addition to the City of Fort Worth, Tarrant County, Texas and a plat of said lot being described in that certain Drainage Ditch Maintenance Agreement dated March 16, 1972 from Tandy Corporation to City of Fort Worth, recorded in Volume 5299, Page 244 of the Deed Records of Tarrant County,

Texas; thence in a northerly direction approximately 650 feet along said railway land to a point ending in the centerline of Terminal Road, (Highway 287).

"ADDENDUM"

ATTACHED HERETO AND MADE A PART HEREOF THAT CERTAIN PAID UP OIL AND GAS LEASE EFFECTIVE April 8, 2009 BETWEEN DAVID H. MURDOCK, DBA INTERNATIONAL MINING COMPANY, A SOLE PROPRIETORSHIP, AS LESSOR, TO XTO ENERGY, INC., A DELAWARE CORPORATION, AS LESSEE.

It is expressly agreed that the provisions of this Addendum shall supersede any portion of body of this Lease, which is inconsistent herewith, and the body of this Lease to which this Addendum is attached, is in all things subrogated to the express and implied terms and conditions of this Addendum.

I. EXCEPTIONS AND RESERVATIONS

Reserved Substances. Notwithstanding anything herein to the contrary, there is excepted herefrom and reserved to the Lessor herein, all iron ore, coal, lignite, coal bed methane gas, uranium, fissionable materials, and all bentonite, fullers earth and other clay-like substances and all other substances except oil and gas. It is specifically understood and agreed that this Lease covers only oil and gas, including associated liquid, liquefiable or gaseous hydrocarbons as well as such other minerals that may be produced incidental to and as a part of or mixed with such oil and gas, including associated liquid, liquefiable or gaseous hydrocarbons, and the words "oil and gas," or "oil or gas" when used herein, shall mean such substances only.

II. Retained Units At End of Primary Term; Extension for Continuous Development

A. Notwithstanding any provision hereof to the contrary, upon the expiration of the primary term, if Lessee (i) is not then engaged in drilling operations for a well on the lands covered hereby or lands pooled therewith, or (ii) has not completed drilling operations for a well on such lands within 180 days prior to the last day of the primary term (regardless of whether such well was completed as a well capable of production in paying quantities), this Lease shall terminate as to all lands that are not then allocated as Retained Units in accordance with Section II.C below to wells capable of production in paying quantities located on the lands covered hereby or lands pooled therewith, and, in the case of each Retained Unit, as to all depths lying below the stratigraphic equivalent of 100 feet below the deepest depth producing or capable of producing in paying quantities on the relevant Retained Unit.

B. Notwithstanding any provision hereof to the contrary, upon the expiration of the primary term, if Lessee (i) is then engaged in drilling operations for a well on the lands covered hereby or lands pooled therewith, or (ii) has completed drilling operations for a well on such lands within 180 days prior to the last day of the primary term (regardless of whether such well was completed as a well capable of production in paying quantities), this Lease shall remain in full force and effect as to all of the lands and subsurface intervals covered thereby for as long as Lessee continues to conduct drilling operations for one or more additional wells on such lands with no delay of more than 180 days between the completion of operations on one well (regardless of whether such well was completed as a well capable of production in paying

quantities) and commencement of drilling operations for the next well (the “**Continuous Development Period**”). The Continuous Development Period shall expire when, after completing operations for a well during the Continuous Development Period, Lessee fails to commence drilling operations for at least one additional well on the lands covered hereby or lands pooled therewith within 180 days thereafter. Upon the expiration of the Continuous Development Period, this Lease shall terminate as to all lands that are not then allocated as Retained Units in accordance with Section II.C below to wells capable of production in paying quantities located on the lands covered hereby or lands pooled therewith, and, in the case of each Retained Unit, as to all depths lying below the stratigraphic equivalent of 100 feet below the deepest depth producing or capable of producing in paying quantities on the relevant Retained Unit.

C. For purposes of this Lease, the term “**Retained Unit**” means: (i) with respect to wells located on pooled units consisting, in part, of lands covered by this Lease, the relevant pooled unit; and (ii) with respect to each well located on the lands covered hereby that is not included in a pooled unit, a quantity of acreage surrounding such well that is not in excess of the minimum surface acreage required to be allocated to such well by the Railroad Commission of Texas to obtain a full monthly production allowable. Whenever Retained Units are designated under the terms of this Lease, Lessee shall file of record notices of the designation of such Retained Units which contain legally sufficient descriptions thereof. Notwithstanding anything to the contrary contained herein, the filing of such notice is not a prerequisite to the termination of all rights outside the Retained Units provided in Section II, but is required to clarify of record the rights of the parties.

D. From and after the end of the primary term or the Continuous Development Period, if later, it shall be considered that each Retained Unit is subject to a separate lease, on the same terms and provisions contained in this Lease, so that production, operations and/or payments on one Retained Unit will not maintain this Lease in force as to any other Retained Unit. Notwithstanding anything herein to the contrary, Lessee shall have the continuing duty to develop the leased premises and Retained Units as would a prudent operator.

E. If, after the end of the primary term or Continuous Development Period, if later, and after oil or gas is produced from any Retained Unit, the production thereof should cease from any cause, this Lease shall not terminate if Lessee commences operations for drilling or reworking within 60 days after the cessation of such production, but shall remain in force and effect so long as such operations are prosecuted with no cessation of more than 60 consecutive days, and if they result in the production of oil or gas, so long thereafter as oil or gas is produced from said Retained Unit.

III. ROYALTY/SHUT IN

A. **Royalty.** If oil or gas produced from or attributable to the leased premises is sold to an entity affiliated with or otherwise related to Lessee such as to constitute a less than arms length transaction, then the applicable royalties payable for the oil and / or gas produced, saved and sold pursuant to the provisions of this Lease will be based upon the market value of the oil or gas at the well or the actual proceeds received by Lessee for the sale of the oil or gas at the point of sale, whichever is higher. Royalties payable on the basis of proceeds received by Lessee,

whether or not in connection with an affiliated sale, will not bear any post-production costs (including but not limited to costs of compression, dehydration, treating, marketing and transportation), but will bear their share of applicable severance and production taxes.

B. Special Rule for Calculation of Royalty on Treated Gas. The term “**amount realized**” as used in the body of this Lease shall have the following meaning when applied to any gas produced from the leased premises or from any lands pooled or combined therewith that is treated or processed by a third party for the removal or recovery of hydrogen sulfide, sulphur, carbon dioxide, nitrogen or other non-hydrocarbon substances contained in the produced gas (“Treated Gas”). With respect to any and all Treated Gas, the value of Lessor’s royalty share of such Treated Gas shall be calculated after deduction of any and all direct and actual charges or costs paid by Lessee to an unaffiliated third party for the gathering, treating, compressing or processing of the Treated Gas.

C. Limitation on Maintenance by Shut In Royalty Payments. This Lease may not be maintained solely by the payment of shut-in royalty after the end of the primary term for a period of more than two (2) consecutive years.

D. Division Orders. Lessee shall use reasonable efforts to cause the purchaser of oil produced from the lands pursuant to this Lease to issue division orders covering royalty on such oil production substantially in the form set forth in Section 91.402(d) of the Texas Natural Resources Code, adjusted to reflect the applicable terms of this Lease; provided, however, that if Lessee is the purchaser of such oil production or the issuer of the division order to Lessor covering royalty thereon, such division order shall be substantially in the form set forth in such statute, adjusted to reflect the applicable terms of this Lease. Division orders covering royalty on gas production shall conform with the terms of Section 91.402(c) of the Texas Natural Resources Code, adjusted to reflect the applicable terms of this Lease. Any terms included in a division order issued to Lessor by Lessee that conflict or are otherwise inconsistent with the applicable terms of this Lease or Section 91.402 of the Texas Natural Resources Code shall be of no force and effect. Within 60 days of receipt of Lessor’s executed division order, Lessee, to the extent Lessee has received payment from the purchaser of production, shall furnish Lessor with an accounting and a check in payment of royalties accruing from the period of first sale of production to the last day of the preceding month for which sales of production have occurred. Thereafter, all accountings and payments shall be made or tendered on or before the end of the month following the month Lessee receives payment for such production from the purchaser. Lessor’s acceptance of royalty payments which are past due shall not act as a waiver or estoppel of Lessor’s rights to receive or recover any and all interest due on unpaid royalties unless Lessor expressly waives, in writing, the right to receive the interest. All past-due payments shall bear simple annual interest at the rate of 10%.

IV. POOLING

A. Pugh Clause. Except as provided for in Section II herein, in the event a portion or portions of the land herein leased is pooled or unitized with other lands so as to form a pooled unit(s), operations on or production from such unit(s) will maintain this Lease in force only as to the land included in such unit(s). The Lease may be maintained in force as to any land covered

hereby and not included in such unit(s) in any manner provided for herein.

B. **Declaration of Pooling or Unit.** If a gas well is located upon any acreage covered by this Lease, then no pooled unit or units created by combining and pooling of portions of this Lease with other acreage shall be effective until a Declaration of Pooling or Designation of Unit, describing the land included in the pooled unit or units, and the leases, is executed by Lessee, and recorded in the office of the County Clerk of the County or Counties where the leased premises are located. Lessee shall promptly provide Lessor with a copy of the recorded unit designation. If pooling is first accomplished with a gas well which is located upon any acreage not covered by this Lease, then pooling of this Lease shall be effective upon the date of filing of the Declaration of Pooling or Designation of Unit.

C. **Pooling Limitations:** If the Lessee chooses to exercise its rights to pool the leased premises with adjoining lands for the production of gas, then all of the leased premises must be included in any such pooled unit. Partial pooling of the leased premises for the production of gas is not permitted.

V. OPERATIONS & WELLS

A. For purposes of this Lease, the following definitions shall control:

- (1) **"Commencement" of a Well.** The drilling of a well shall be deemed to have "commenced" only if and when a derrick, rig and machinery capable of drilling to the objective depth have been erected, such well has been spudded in and actual drilling has commenced, and the earth is being disturbed by such drilling.
- (2) **"Completion" of a Well.** A well shall be deemed to have been "completed" for purposes of this Lease when the drilling rig has moved from the location, or such drilling rig ceases to perform activities directly related to drilling operations, whichever is earlier.
- (3) **"Reworking Operations".** The term "reworking operations" as used in this Lease means actual work in the hole of a well, prosecuted with reasonable diligence and in a good workmanlike manner in an attempt to recomplete or repair such well to restore it to production or to enhance production from such well.
- (4) **"Operations".** Whenever in this Lease the Lessee shall be required to be "engaged in operations" or "drilling operations", the term "operations" shall mean the physical engagement of Lessee in the actual drilling or reworking of a well, or the actual performance of other operations on the lands, in each case for the purpose of establishing or re-establishing the production of oil, gas or constituent hydrocarbons. No other activity will be considered as or deemed to be "operations", as that term is used herein.

VI. ASSIGNMENT

A. The rights of Lessee under this Lease may be assigned in whole or in part; provided that no rights hereby granted to Lessee shall be assignable without the prior written consent of Lessor, which consent may not be unreasonably withheld or delayed. Lessor's consent to any assignment shall not constitute consent to any other assignment. Any assignment made without Lessor's consent shall be void and shall constitute a material breach of this Lease. Lessee shall furnish to Lessor a copy of any assignment made pursuant to this section, with the recording data reflected thereon. The assignment of this Lease or any part thereof shall not relieve Lessee, its assignees, or any subassignees of any obligations hereunder, theretofore accrued; and any assignee of Lessee shall, by acceptance of such assignment, be bound by all terms and provisions hereof. The term "assignment" as used herein, shall include, without limitation, any sublease, farm out, operating agreement, or any other agreement by which any share of the operating rights granted by this Lease are assigned or conveyed or agreed to be assigned or conveyed, to any other party, or by transference of stock of its corporation or ownership interests in a partnership, limited liability company, or other business entity.

VII. BREACH/DEFAULT

A. **Acceptance of Payment Not Waiver or Ratification.** Neither the acceptance of royalties, delay rentals, shut-in royalties or other payments by Lessor (regardless of any notation thereon or instrument accompanying same), nor Lessor's execution of any division order or transfer order or similar instrument, shall ever constitute or be deemed to effect (a) a ratification, renewal or amendment of this Lease filed by Lessee purporting to exercise the pooling rights, if any, granted to Lessee in the Lease, or (b) a waiver of the rights granted to Lessor, or the obligations imposed upon Lessee, express, or implied, by the terms of this Lease, or remedies for Lessee's breach thereof, or (c) an estoppel against Lessor preventing Lessor from enforcing Lessor's right or Lessee's obligations hereunder, express or implied, or from seeking damages for Lessee's breach thereof. Lessor's agreement to accept royalties from any purchaser shall not affect Lessee's obligations to pay royalties pursuant to this Lease. No instrument executed by Lessor shall be effective to constitute a ratification, renewal, extension or amendment of this Lease unless the instrument is clearly titled to indicate its purpose and intent.

B. **Notice of Default, Lessee's Right to Remedy Default, Attorney Fees and Interest.** If Lessee violates, fails to perform or breaches any material terms or covenants in this Lease, Lessor shall notify Lessee in writing of the violation, failure, or breach. Lessee shall have a period of 60 days from the date of its receipt of Lessor's written notice, in which to remedy the violation, failure, or breach. The delivery of such notice shall be a condition precedent to the bringing of an action by Lessor under this Lease for any cause, and no such action shall be brought until the expiration of sixty (60) days after the delivery of such notice to Lessee. Neither the delivery of such notice nor Lessee's performance of any acts aimed to remedy all or any of the alleged breaches shall be deemed an admission or create a presumption that Lessee has failed to perform its obligations hereunder. In addition to any other remedy granted herein, if Lessee fails to remedy such breach or default within the 60-day period or if such breach or default involves any environmental or regulatory issue, Lessor is hereby granted the right to remedy such breach or default after giving five (5) days notice of such intent. Lessee agrees to pay any and all reasonable damages, costs or expenses incurred by Lessor, including, but not limited to attorney's fees, within five (5) days of Lessor's presentation to Lessee of same. However, if

Lessee disputes such breach or default, it shall notify Lessee within the five (5) day notice period, after which Lessor may initiate litigation. If litigation is pursued and a final judicial determination is made in favor of Lessor, Lessee shall be liable for any and all reasonable costs and expenses incurred by Lessor in enforcing the terms of this Lease, including attorney's fees and interest on all money expended by Lessor to remedy such breach or default (if applicable) at the simple annual rate of 18%, or the highest rate allowed pursuant to applicable law, whichever is greater.

VIII. WARRANTY

Disclaimer of Title Warranties. Lessee takes the this Lease subject to the rights of any outstanding lease or leases of record, and any existing modifications or renewals thereof of record. Lessee hereby releases and forever discharges Lessor from any and all liability for damages by reason of want or failure at any time of title or possession on the part of Lessor to all or any part of the land. Notwithstanding anything to the contrary contained in this Lease, this Lease is made without warranty of title of any kind whatsoever, express, implied or statutory, and without recourse, even as to the return of the bonus, rentals, royalties or other consideration, but with full substitution and subrogation of Lessee, and all persons claiming by, through and under Lessee, to the extent assignable, in and to all covenants and warranties by Lessor's predecessors in title and with full subrogation of all rights accruing under the statutes of limitation or prescription. Any covenants or warranties implied by statute or law by the use of the word "grant" or other similar words in this Lease are hereby expressly disclaimed, waived and negated. Without limiting the generality of the foregoing, Lessor does not represent that it owns any surface rights (including, without limitation, any surface rights normally associated with or incidental to a mineral interest) with respect to the land.

IX. DUTIES AND RELATIONSHIPS

A. Prudent Operator Standard. Lessee shall owe a duty of a reasonably prudent operator to Lessor in the development, operation, production, and marketing of oil and gas from the lands. Lessee shall owe a duty of a reasonably prudent operator to Lessor in the plugging and abandoning of oil and gas wells on the lands, and in the restoring of the lands to their original condition. Production of any one mineral will not relieve Lessee of any obligation to develop and produce any other minerals covered by this Lease, which can be produced from the lands in paying quantities. Lessee shall have a duty of a reasonably prudent operator to Lessor with respect to Lessor's royalty.

B. Multiple Owners of Leasehold. If more than one party becomes a working interest or leasehold owner of this Lease, all liabilities and obligations of the parties as Lessee hereunder shall be joint and several.

C. Indemnification of Lessee. Lessee agrees to indemnify, protect and hold harmless Lessor, its heirs, representatives, successors and assigns, of and from any and all claims, demands, losses, causes of action, damages, liabilities and costs (including, but not limited to attorney's fees, expert's fees and court costs) (collectively herein called "**Claims**"), arising out of injury to persons (including death), injury or damage to or loss of any property (real or personal) or improvements, remedial obligations, or violations of law caused by Lessee,

its agents, employees, servants, contractors or any person acting under its direction or control. Such Claims include any and all expenses, penalties, fines, response costs or clean-up costs arising out of or by virtue of any environmental law, common law (whether arising in tort, contract or strict liability), statute, rule, regulation, order, or judicial decision (whether state, federal or local) caused by Lessee's operations in connection with the Lease. For purposes of this section, "Lessee" shall include its agents, employees, servants, or independent contractors or any person or entity acting under Lessee's direction or control. Lessee further covenants and agrees to defend any suits brought against Lessor on account of said Claims and to pay such judgments against or losses of Lessor resulting from any such suit or suits together with all costs and expenses relative to any such suit or suits together with all costs and expenses relative to any such Claims, including reasonable attorney's fees. Lessor shall have the right to participate in the defense of any suit or claim in which it may be a party without relieving Lessee of its obligations hereunder.

D. **Lessee's Insurance.** Without limiting Lessee's duty to indemnify, Lessee agrees to carry bodily injury and property damage insurance sufficient to protect Lessor from all hazards arising from Lessee's operations hereunder, but without limitation of same, during the term of this Lease, Lessee shall, at its expense, maintain such insurance in force and effect at a minimum as follows:

- (1) Worker's Compensation insurance in full compliance with all applicable state and federal laws and regulations.
- (2) Employer's Liability insurance, including coverage for occupational disease, with limits of \$1,000,000 per accident, \$1,000,000 per employee for disease.
- (3) Commercial General Liability insurance written on a standard ISO occurrence form (or a substitute form providing equivalent coverage) with combined single limits per occurrence/\$2,000,000 for Bodily Injury and Property Damage, including Property Damage by Blowout and Cratering, coverage for dust or soil erosion, subsidence, underground resources and equipment hazard, XCU, Completed Operations, and Broad Form Contractual Liability as respects any contract into which the Operator may enter under the terms of this Agreement. The policy shall include a severability of interest clause providing that the coverage applies separately to each insured except with respects to the limits of liability.
- (4) Business Automobile Liability insurance covering any auto, including owned, non-owned and hired automotive equipment with limits for Bodily Insurance and property damage of \$1,000,000 per accident.
- (5) Umbrella liability insurance with limit of \$5,000,000 per occurrence and coverage shall be at least as broad as underlying insurance requirement.

When operations are conducted on or under said land, upon written request by Lessor, such policies shall name Lessor, to the extent of his interest, and Lessee as insureds and shall be issued by a company reasonably acceptable to Lessor and shall be non-cancelable without thirty (30) days' prior written notice to Lessor. Duplicate copies of such policies or certificates evidencing such coverage shall be promptly furnished to Lessor.

E. **Compliance with Laws, and Environmental Matters.** Lessee shall act as a reasonably prudent operator and use all reasonable safeguards to prevent contamination or pollution of any environmental medium, including soil, surface waters, storm water, groundwater, sediments, and surface or subsurface strata, ambient air or any other environmental medium in, on, or under, or about the land, by any waste, pollutant, or contaminant including, without limitation, sediment in storm water. Lessee shall not bring or permit to remain on the premises any explosives, toxic materials, or substances regulated as hazardous wastes, hazardous materials, hazardous substances, or toxic substances under any federal, state, or local law or regulation ("**Hazardous Materials**"), except products commonly used in connection with oil and gas exploration and development operations and stored in the usual manner and quantities. Lessee shall operate the properties as a reasonably prudent operator and comply with all laws, rules, regulations and orders of any governmental authority having jurisdiction concerning the operations and activities of and by Lessee or concerning any obligations under this Lease. Lessee's obligations under this lease, whether express or implied, shall be subject to all applicable laws, rules, regulations and orders of any governmental authority having jurisdiction ("**Laws**") over any of the obligations or activities under this Lease and any actions by Lessee including, without limitation, regulation of discharges of pollutants or contaminants to air, land, and water, including the discharge of storm water from Lessee's land disturbance activities and operations hereunder. Lessee shall clean up, remove, remedy and repair any soil or ground water contamination and damage caused by the presence or release of any Hazardous Materials in, on, under, or about the land related to Lessee's operations on the land. The obligations of Lessee hereunder shall survive the expiration or earlier termination, for any reason, of this Lease.

F. **Removal of Equipment on Termination.** Lessee has the right at any time during the term of this Lease or within 180 days after the expiration, termination, or release of this Lease, or any part thereof, to remove, as applicable, all of its recoverable casing (except water well casing), machinery and fixtures unless specifically indicated otherwise herein, including without limitation, gates or roadtiles. If Lessee fails to remove its property within the 180-day period, title to it shall become vested automatically in Lessor, free of all liens, or Lessor may remove such items at Lessee's expense, at the sole option of Lessor. Lessee agrees to pay such charges within five (5) days of presentation by Lessor.

X. REGULATIONS

A. **Representation and Refunds.** It is expressly provided that in the event of any proceeding or hearing before a regulatory agency or any governmental body, or any court, having jurisdiction of any question pertaining to the lands, and particularly with respect to the price or value of any oil or gas produced under or by virtue of this Lease, that Lessee shall not undertake to make any appearance for, file any pleadings or information for, or otherwise attempt to represent Lessor, either singularly or collectively, before such agency, body or court,

unless specifically authorized to so do in writing. Furthermore, if by reason of such proceeding or hearing, it is determined that Lessee has violated laws or regulations regarding the price or value of any minerals produced from the lands, resulting in any overpayment to the producer and royalty owners so as to require a refund of overpayments to any purchaser of such minerals, then Lessee shall make all such refunds for such overpayments, and may recover any of such amounts from the royalty owners under this Lease to the extent of mistake or bona fide error, or due to governmental authority, but may not recover any of such amounts as may be attributable to the conduct of Lessee giving rise to fine, penalty, or interest. However, if Lessor chooses to take its royalties on oil in kind as provided herein, Lessee shall have no responsibility regarding refunds required from Lessor as to such oil taken by Lessor in kind.

B. Offset Wells. For purposes of this Lease, an "offsetting well" is a well producing oil or gas in paying quantities on adjacent land located within a legal distance from land covered by this lease and draining land covered by this lease, and in the case of a well completed in the Barnett Shale formation, an offsetting well shall be completed, perforated, fraced and producing from the Barnett Shale formation within 300 feet of the land. If an offsetting well is completed, Lessee must, within one hundred twenty (120) days after the initial sales from the offsetting well, commence operations for the drilling of a well on land covered by this Lease or lands pooled therewith and must diligently pursue those operations to the horizon in which the offsetting well is producing, or at the option of Lessee: (i) execute and deliver to Lessor a release in recordable form of the land nearest to the offsetting well, limited to the formation being produced by the offsetting well; or (ii) pay Lessor a monthly royalty equal to the royalty that would be payable under this Lease if the production from the offsetting well had come from land covered by this Lease. The obligation of Lessee to either drill a well, release acreage or pay compensatory royalty as required above shall not apply if the land nearest the offsetting well is already within a pooled unit or there is already a well located on land covered by this lease having a well capable of producing from the same formation as the offsetting well.

C. Other Regulatory Action. Lessee shall notify Lessor of any regulatory action taken by or against Lessee regarding the lands or any reservoir underlying the lands.

XI. LESSOR'S RIGHTS

A. Audit Rights. Lessor shall have the right to audit the accounts and records of Lessee, its successors and assigns on all matters relating to the lands or this Lease. Such right shall also extend to any contract operators or similar arrangements and any affiliates who are purchasing oil and gas or assisting with operations or the supplies or services therefor. This right may be exercised from time to time by giving Lessee reasonable notice. Any audit shall be conducted during normal business hours. No adjustment or correction shall be made and all records and payments shall be conclusively presumed to be final unless (i) notice specifying the error or inaccuracy is given within three (3) calendar years from the end of the calendar year during which such error or inaccuracy occurred, or (ii) the records provided to Lessor do not disclose the information supporting such payment, adjustment or correction.

B. Lessor's Rights to Information and Records, and Access to Operations. Lessee agrees, upon request by Lessor, to immediately furnish Lessor, or its authorized

representatives, full and complete non-interpretive information with respect to (1) all operations on the lands and the production of oil, liquid hydrocarbons, gas, and their respective constituent products, including, but not limited to, samples of all cores, drill stem test results, electrical logs, and all other non-interpretive information pertaining to formations, zones and sands under the lands, (2) land surveys and title opinions, abstracts, production reports, run tickets, meter runs, sales records, applications and reports made to any governmental agency or authority, and orders, rules or permits issued by any such agency or authority affecting the lands. Lessor and its representatives shall have the right, during normal business hours, to inspect, examine, make copies of, and extracts from Lessee's books, records, accounts, and agreements related to the lands, and all operations or production on or from the lands. With Lessee's prior written consent (which consent shall not be unreasonably withheld or delayed) Lessor shall have the right to share any information obtained hereunder with any third party. Prior to sharing such information, the third party must be bound by a confidentiality agreement acceptable to Lessor and Lessee and under which Lessee has rights of enforcement and remedies.

XII. NOTICES and PAYMENTS

A. **Notices.** Any notice or other communication permitted or required by the terms of this lease shall, unless otherwise specified, be deemed properly given if in writing and personally delivered or mailed, postage prepaid, by United States mail, or upon receipt by Federal Express next business day delivery, addressed to the parties listed below as representatives of both Lessor and Lessee, respectively, at the appropriate address or addresses designated below, or to such other party or address as may be designated by either Lessor or Lessee, in writing, to the other party.

Lessor: David H. Murdock dba International Mining Company
10900 Wilshire Blvd., Suite 1600
Los Angeles, CA 90024
Attn.: Julie Kheav

Lessee: XTO Energy Inc.
810 Houston Street
Fort Worth, Texas 76102
Attn: James L. Death, Senior Vice President - Land

B. **Payments to Lessor.** Until further notice to Lessee by Lessor, all payments, bonuses, royalties or other amounts to which Lessor is entitled shall be made payable to the order of David H. Murdock d/b/a International Mining Company and shall be addressed to International Mining Company, 10900 Wilshire Blvd., Suite 1600, Los Angeles, California 90024, Attention: Julie Kheav.

XIII. MISCELLANEOUS

A. **Time of the Essence.** Time is of the essence with respect to the performance by either party of the duties and obligations set forth herein.

B. Headings, Usage of Terms and Attachments. Headings of sections and paragraphs are included in this instrument for convenience of reference and shall in no way define, limit, extend or describe the scope or intent of any provision hereof. All references in this Lease to articles, sections, subsections, paragraphs and other subdivisions refer to corresponding articles, sections, subsections, paragraphs and other subdivisions of this Lease unless expressly provided otherwise. Titles appearing at the beginning of any of such subdivisions are for convenience only and shall not constitute part of such subdivisions and shall be disregarded in construing the language contained in such subdivisions. The words "**this Lease**", "**this instrument**", "**herein**", "**hereof**", "**hereby**", "**hereunder**" and words of similar import refer to this Lease as a whole and not to any particular subdivision unless expressly so limited. Unless the context otherwise requires: "**including**" and its grammatical variations mean "**including without limitation**"; "**or**" is not exclusive; words in the singular form shall be construed to include the plural and vice versa; words in any gender include all other genders; and references herein to any instrument or agreement refer to such instrument or agreement as it may be from time to time amended or supplemented. All references in this Lease to annexes, exhibits, or schedules refer to annexes, exhibits, and schedules to this Lease unless expressly provided otherwise, and all such annexes, exhibits and schedules are hereby incorporated herein by reference and made a part hereof for all purposes.

C. Covenants Running with the Land. All the covenants and agreements of Lessee herein contained shall be deemed to be covenants running with Lessee's interest in the lands. All of the provisions hereof shall inure to the benefit of Lessor and Lessee and their respective successors and assigns and shall be binding upon Lessor and Lessee and their respective successors and assigns.

D. Additional Provisions Relating to Force Majeure Extensions. The extension of this Lease despite delaying causes as set forth in Paragraph 10 of the body of this Lease shall not be available until Lessee provides Lessor with written notice of the delaying clause. Further Lessee shall provide Lessor written notice within 5 days of the date on which the delaying cause ceases to exist of such cessation. Paragraph 10 of the body of this Lease shall only apply to extend this Lease up to one (1) consecutive year at a time.

E. Execution. This Lease shall become effective only if and when executed and delivered by the Lessor and Lessee, provided that, the execution and delivery by the Lessee of this Lease to the Lessor or his agent shall constitute an irrevocable offer by the Lessee to lease on the terms and conditions herein contained, which offer may not be withdrawn or revoked for thirty (30) days after such execution and delivery.

F. Release on Termination. If and when this Lease shall have terminated by its own terms, then the Lessee agrees to execute and deliver to Lessor promptly (but in no event later than sixty (60) days after written request by Lessor) a copy or copies of an appropriate recorded instrument or instruments evidencing such release and cancellation.

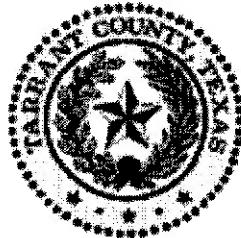
G. Memorandum. Lessor and Lessee agree that a memorandum of this Lease shall be recorded in the Official Public Records of TARRANT County, Texas, to inform the public of the existence of this Lease, and the memorandum shall be limited to information concerning the

parties hereto, the land, and the term and notice provisions of the Lease. Any such memorandum shall not in any way modify any of the terms, conditions and provisions of this Lease.

H. Well Waiting to be Fraced. Notwithstanding anything to the contrary contained in this Lease, at the option of Lessee, which may be exercised by Lessee giving written notice by certified mail to Lessor, a well which has been drilled and Lessee intends to frac shall be deemed a well capable of producing in paying quantities and the date such well is shut-in shall be when the drilling operations are completed.

I. Offsite Operations. As a result of land development in the vicinity of the land, governmental rules or ordinances regarding well sites, and/or surface restrictions as may be set forth in this Lease and/or other leases in the vicinity, surface locations for well sites in the vicinity may be limited and Lessee may encounter difficulty securing surface location(s) for drilling, reworking or other operations. Therefore, since drilling, reworking or other operations are either restricted or not allowed on the land or other leases in the vicinity, it is agreed that any such operations conducted at a surface location off of the land or off of lands with which land is pooled in accordance with this Lease, provided that such operations are associated with a directional well for the purpose of drilling, reworking, producing or other operations under the land or lands pooled therewith, shall for purposes of this Lease be deemed operations conducted on the land. Nothing contained in this paragraph is intended to modify any surface restrictions or pooling provisions or restrictions contained in this Lease.

After Recording Return To:
Eddie Cornelius
C/o Carla Petroleum, Inc.
16990 Dallas Parkway, #126
Dallas, Texas 75248



EDDIE CORNELIUS
C/O CARLA PETROLEUM INC
16990 DALLAS PKWY #126
DALLAS TX 75248

Submitter: JAY FRAZIER

SUZANNE HENDERSON
TARRANT COUNTY CLERK
TARRANT COUNTY COURTHOUSE
100 WEST WEATHERFORD
FORT WORTH, TX 76196-0401

DO NOT DESTROY
WARNING - THIS IS PART OF THE OFFICIAL RECORD.

Filed For Registration: 04/09/2009 03:17 PM
Instrument #: D209095849
LSE 22 PGS \$96.00

By: _____



D209095849

ANY PROVISION WHICH RESTRICTS THE SALE, RENTAL OR USE
OF THE DESCRIBED REAL PROPERTY BECAUSE OF COLOR OR
RACE IS INVALID AND UNENFORCEABLE UNDER FEDERAL LAW.

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